

LEGACY & BUDGET STABILIZATION FUND  
ADVISORY BOARD  
RETIREMENT & INVESTMENT OFFICE  
OVERVIEW OF THE ASSET ALLOCATION PROCESS



# RIO –

## ■ Investment Program

Manage assets of 26  
Funds (13 statutory)

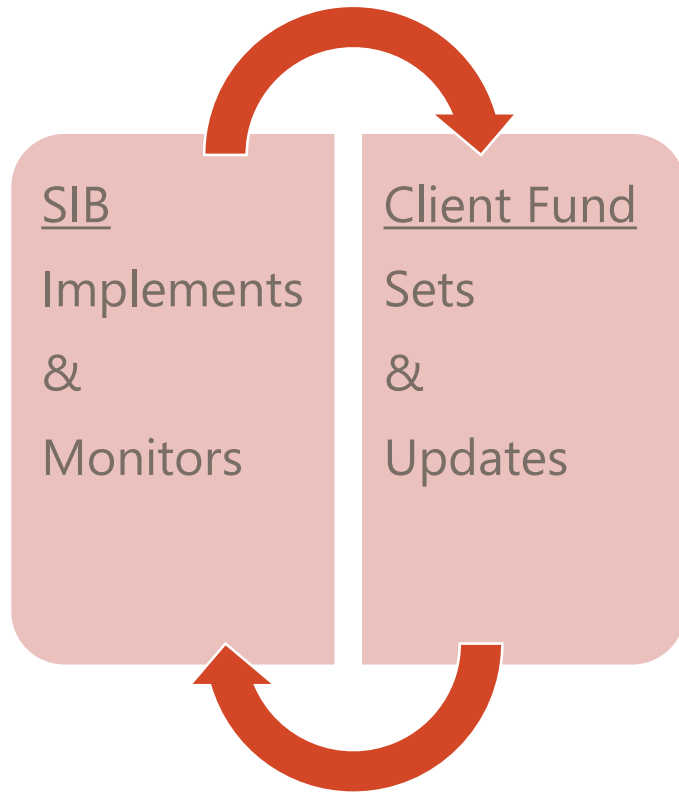
Safeguard assets

Implement/monitor  
asset allocations

Research/monitor  
investment managers

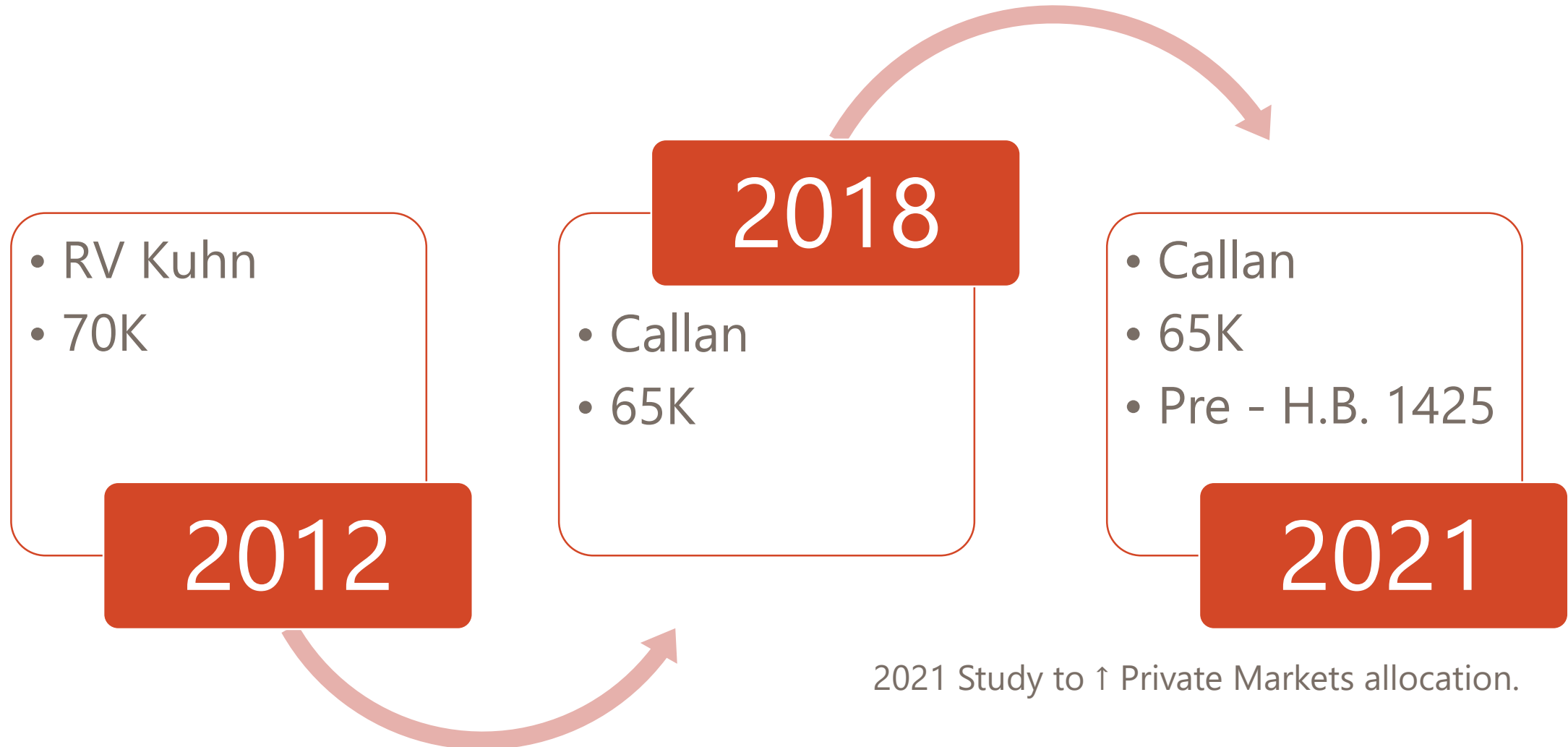
Evaluate/report  
results

# ASSET ALLOCATIONS



- NDCC 21-10-02.1
- The governing body of each fund... shall establish policies on investment goals and objectives and asset allocation for each respective fund..
- The asset allocation and any subsequent allocation changes for each fund must be approved by the governing body of that fund and the state investment board.

# LEGACY FUND – PRIOR ALLOCATION EFFORTS



# KEY COMPONENTS OF H.B. 1425

## Manager Preference

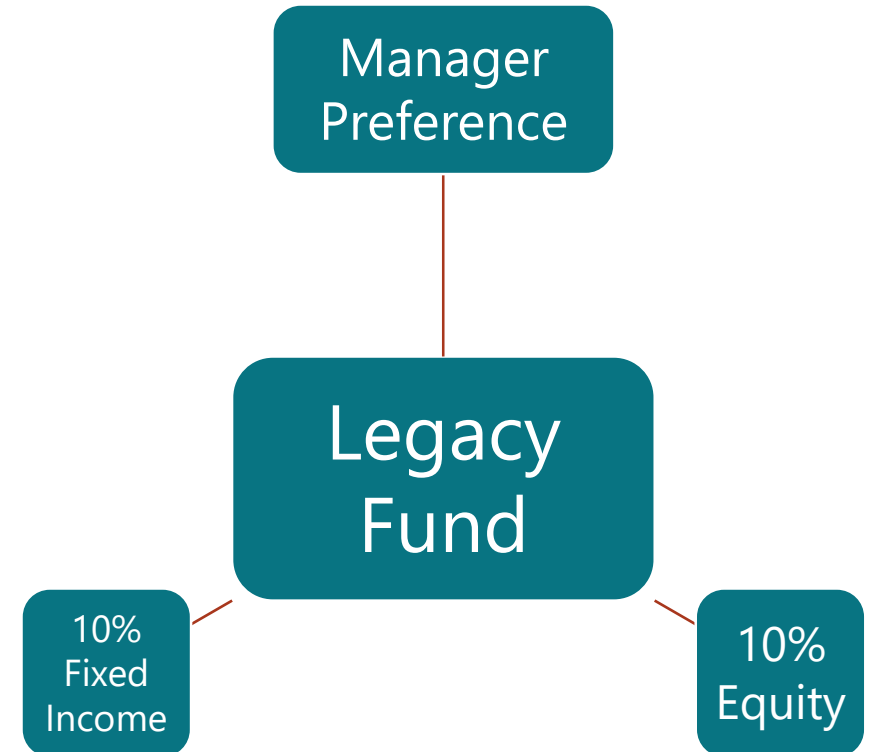
- Develop a preference program for in-state managers

## 10% Equity

- At least 3% private markets focus (50 South)
- Remainder of equity program likely invested in private markets given limited public equity opportunities

## 10% Fixed Income

- 40% infrastructure loans with 1.5% return
- 60% BND match loans with yields equivalent to comparable treasuries



# ASSET ALLOCATION STUDY – WHY NOW?

Staff recommends conducting an asset allocation study to address key issues:

- Determine allocation targets of the 80% non-in-state portion of the Legacy Fund to account for lower returning assets in the In-State Fixed Income Program
- Ascertain maximum amount of illiquid strategies in the Legacy Fund
- Adjust allocation targets to existing illiquid strategies if necessary
- Establish a pacing schedule for the In-State Equity Program
- Determine appropriate investment guidelines for the entire In-State Equity Program
- Determine asset allocation for the Legacy Earnings Fund

# NEXT STEPS

